

449

Instr: 201101180002036 01/18/2011
P: 1 of 4 F: \$44.00 9:56AM LEAS
Rick Campbell Stark County Recorder T20110001682

NON-DRILLING OIL & GAS LEASE

THIS LEASE, dated this 13 day of JANUARY, 2011, by and between

DAVID C. RAY & KAREN T. RAY (H&W)

4024 Beechwood Ave NE

Paris, Ohio 44669

hereinafter referred to as Lessor, and D&L Energy, Inc., an Ohio Corporation, of 2761 Salt Springs Rd, Youngstown, OH, 44509, hereinafter referred to as Lessee, hereby agree as follows:

1.) Lessor, for and in consideration of one dollar (\$1.00) and OVC, grants Lessee, its heirs, successors and assigns, all the oil and gas and their constituents in and under the lands described below, with the exclusive rights to operate for, produce and market the same from a well or wells on other lands; the right to unitize Lessor's lands, or any portion, along with other lands into a drilling unit(s) of not more than one hundred sixty acres, the right to lay pipelines over and through the premises hereinafter described and to maintain, operate, repair, replace and remove same, together with valves and other necessary appurtenances, said right shall survive the term of this lease. This Lease is for **one (1) year** and as long thereafter as operations are being conducted on any such unit or oil and gas can be produced in paying quantities in Lessee's judgment from any such unit.

This Lease covers all of Lessor's land in and adjoining, said Parcel No(s). 7503186

_____ bounded now or formerly, as follows:

North by lands of: Brugger East by lands of: Brugger

South by lands of: Rosenberger West by lands of: Beechwood Ave

In the City/Township of Washington, County of Stark

State/Commonwealth of Ohio, and containing 5.70 acres, more or less.

Sec: 28 Tn: 18 Rng: 6

2.) Lessor shall be paid as royalties a proportional share of one-eight (1/8th) of the proceeds by Lessee on all oil and gas sold off the unit, as the amount of Lessor's acreage in the unit bears to the total acreage in the unit. Payment or royalty for gas marketed during any calendar month to be on or about the 30th day after receipt of such funds by the Lessee. Lessee to deduct from payments of proceeds by Lessee, Lessor's prorata share of any tax imposed by any government body.

LEASE # 1503931

NON-DRILLING OIL & GAS LEASE – page 2

3.) No well shall be drilled on Lessor's property, nor shall Lessee enter upon or install any surface installation of any nature whatsoever on the leased property, the within Lease being granted solely for the purpose of permitting the Lessee to unitize the leased property with other properties, which other properties shall bear all the burden of development. Lessor understands and gives consent that, due to slant (directional) drilling, originating from surface entry on a parcel not owned by Lessor, the well bore(s) may pass through or terminate below the surface of Lessor's property.

4.) In case the Lessor owns a less interest in the above described premises than the entire and undivided fee simple therein, then the royalties and rentals herein provided for shall be paid to the Lessor only in the proportion which such interest bears to the whole and undivided fee. If said land is owned by two or more parties, or the ownership of any interest therein should hereafter be transferred by sale, devise or operation of law, said land, nevertheless, may be held, developed and operated as an entirety, and the rentals and royalties shall be divided among and paid to such several owners in the proportion that the acreage owned by each such owner bears to the entire leased acreage.

5.) No change of ownership in the leased premises or in the rentals or royalties hereunder shall be binding on the Lessee until after notice to the Lessee by delivery of notice in writing duly signed by the parties to the instrument of conveyance or assignment and delivery of a duly certified copy thereof to the Lessee.

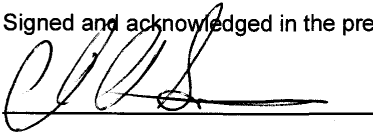
6.) Lessor further agrees that the Lessee shall have the right at any time to redeem for Lessor, or otherwise acquire by payment, any mortgage or other liens upon the described lands which any manner affect the Lessee's interest therein in the event of default of payment by Lessor and be subrogated in full to all the holder thereof the same as if Lessee were the original owner of said mortgage.

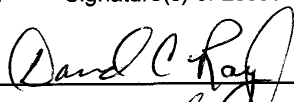

SEE ADDENDUM ATTACHED HERETO:

IN WITNESS WHEREOF, the Lessor hereunto set their hands to this Non-Drilling Oil and Gas Lease, referenced herein on this 13 day of January, 2011.

Signed and acknowledged in the presence of:

Signature(s) of Lessor



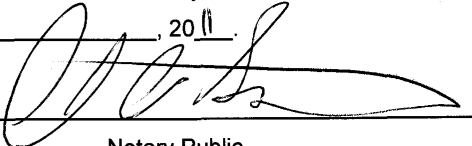
NON-DRILLING OIL & GAS LEASE – page 3

Instr: 201101180002036 01/18/2011
P: 3 of 4 F: \$44.00
Rick Campbell 9:56AM LEAS
Stark County Recorder T20110001682

STATE/Commonwealth of Ohio :
COUNTY OF Stark : SS: **INDIVIDUAL**

Before me a Notary Public in and for said county and state personally appeared
the above named David C. Ray & Karen T Ray (H & W)
_____ who acknowledged
to me that he/she/they did execute the foregoing instrument and that the same is
his/her/their free act and deed for the purpose therein set forth.

In Testimony Whereof, I have hereunto set my hand and affixed my official seal
this 13 day of JANUARY, 2011.



Notary Public



Christopher A. Scenna
My Commission Expires
July 19, 2015

Individual
Revised 09.2010

This instrument prepared by:
D&L Energy, Inc.
2761 Salt Springs Rd.
Youngstown, OH 44509

ADDENDUM OF NON-DRILLING OIL AND GAS LEASE

THIS ADDENDUM OF NON-DRILLING OIL AND GAS LEASE, dated this 13 day of January, 2011, by and between David C. Ray & Karen T. Ray (H&W) of 4024 Birchwood Ave NE, Paris, Ohio 44669,

hereinafter referred to as Lessor, and D&L Energy, Inc., an Ohio Corporation, of 2761 Salt Springs Rd, Youngstown, OH, 44509, hereinafter referred to as Lessee, hereby agree as follows:

- 1.) Lessee agrees to pay Lessor a \$1,000.00 bonus, within ninety (90) days of the execution of this lease, pending verification of clear title to the oil and gas rights.
- 2.) Lessee shall have the Lessor's current water supply sampled and tested prior to the drilling of any well on the leased premises. Should Lessor's water experience a material adverse change in quality or quantity of Lessor's water, Lessee shall be responsible for correcting or replacing the same.
- 3.) The within lease shall cover from surface to one-hundred (100) feet below the base of the Clinton & Medina Sandstone Formations or its stratigraphic equivalent

In the event that there is a conflict between the Oil and Gas Lease and the Oil and Gas Lease Addendum, the Oil and Gas Lease Addendum shall override the Oil and Gas Lease.

WITNESS:

[Signature]

LESSOR:

[Signature]
[Signature]